

Staff Summary Report



Council Meeting Date:

5/20/2010

Agenda Item Number: _____

SUBJECT: Request approval of a one-year renewal of a contract with CIGNA Dental Health Inc. for a dental preferred health maintenance organization plan (DHMO) for eligible City employees and their dependents.

DOCUMENT NAME: 20100520fsta04 PURCHASES (1004-01)

COMMENTS: (T09-058-02) Total cost of this contract will not exceed \$75,000 during the one-year contract period beginning July 1, 2010.

PREPARED BY: Tony Allen, Procurement Officer, 480-350-8548

REVIEWED BY: Michael Greene, CPM, Central Services Administrator, 480-350-8516
Renie Broderick, Human Resources Manager, 480-350-8407
Jon O'Connor, Deputy Human Resources Manager, 480-350-8423
Lynna Soller, Employee Benefits Administrator, 480-350-2975

LEGAL REVIEW BY: Dave Park, Assistant City Attorney, 480-350-8907

DEPARTMENT REVIEW BY: Jerry Hart, CPA, Financial Services Manager, 480-350-8505

FISCAL NOTE: Sufficient funds will be appropriated in cost centers 4167 (Health Fund) for the anticipated expenditures in the upcoming fiscal year.

RECOMMENDATION: Approve the renewal of the contract.

ADDITIONAL INFO: Background Information

The City of Tempe issued a Request for Proposal (RFP) to establish a term contract for a dental health maintenance organization plan manager for eligible employees and their families to be managed by the Human Resources Department. The contract was issued for an initial one-year term with four one-year renewal options. This renewal request is for the first of four available renewal options.

Contractor Performance

CIGNA Dental Health's performance was rated by the Human Resources Department on the following criteria:

- Personnel are responsive, cooperative and available
- Overall quality of products or services delivered
- Timeliness of performance
- Quality of follow-up in resolving complaints or problems
- Firm's promptness in submitting accurate invoices

In all categories, CIGNA Dental Health received scores indicating their meeting or exceeding standards as established by the contract. It is the recommendation of the Human Resources Department that the contract be renewed.

The rates for this renewal cycle were established in the resulting contract at a 6% increase over the prior year, however, the rate increase has been reduced to 3.5% (approximately \$3,400) with the removal of a commission payment that was

included in the original contract. The resulting cost to the City is competitive in the current market.